

ITEM 3 Correspondence

San Dieguito Union High School District

INFORMATION REGARDING BOARD AGENDA ITEM

TO: BOARD OF TRUSTEES

DATE OF REPORT: March 4, 2016

BOARD MEETING DATE: March 10, 2016

PREPARED BY: Eric R. Dill
Associate Superintendent, Business

SUBMITTED BY: Rick Schmitt
Superintendent

SUBJECT: Board Workshop / BUDGET & PROGRAM
PLANNING UPDATE

EXECUTIVE SUMMARY

Staff will make a presentation at the Board Workshop on March 10, 2016, as shown in the attached supplement.

RECOMMENDATION:

This item is being submitted for review only at the Board Workshop.

2016-17

Budget & Program Planning Update

San Dieguito Union High School District

Board of Trustees

March 10, 2016

Agenda

- Governor's Proposed Budget
- Local Control Funding Formula Outlook
- Preliminary Enrollment Projections
- Local Control and Accountability Plan
- 2016-17 Budget Themes
- Capital Projects Funding

Governor's Proposed Budget

- Continued growth in Proposition 98 funding
 - Fourth straight year of Prop 98 growth
 - Governor repeats pattern of underestimating revenue
- Local Control Funding Formula
 - Increase to LCFF
 - Implementation will be at 95% of target
 - No changes for funding mechanisms
- More one-time funding
 - \$214/ADA
 - Triple-counted, again

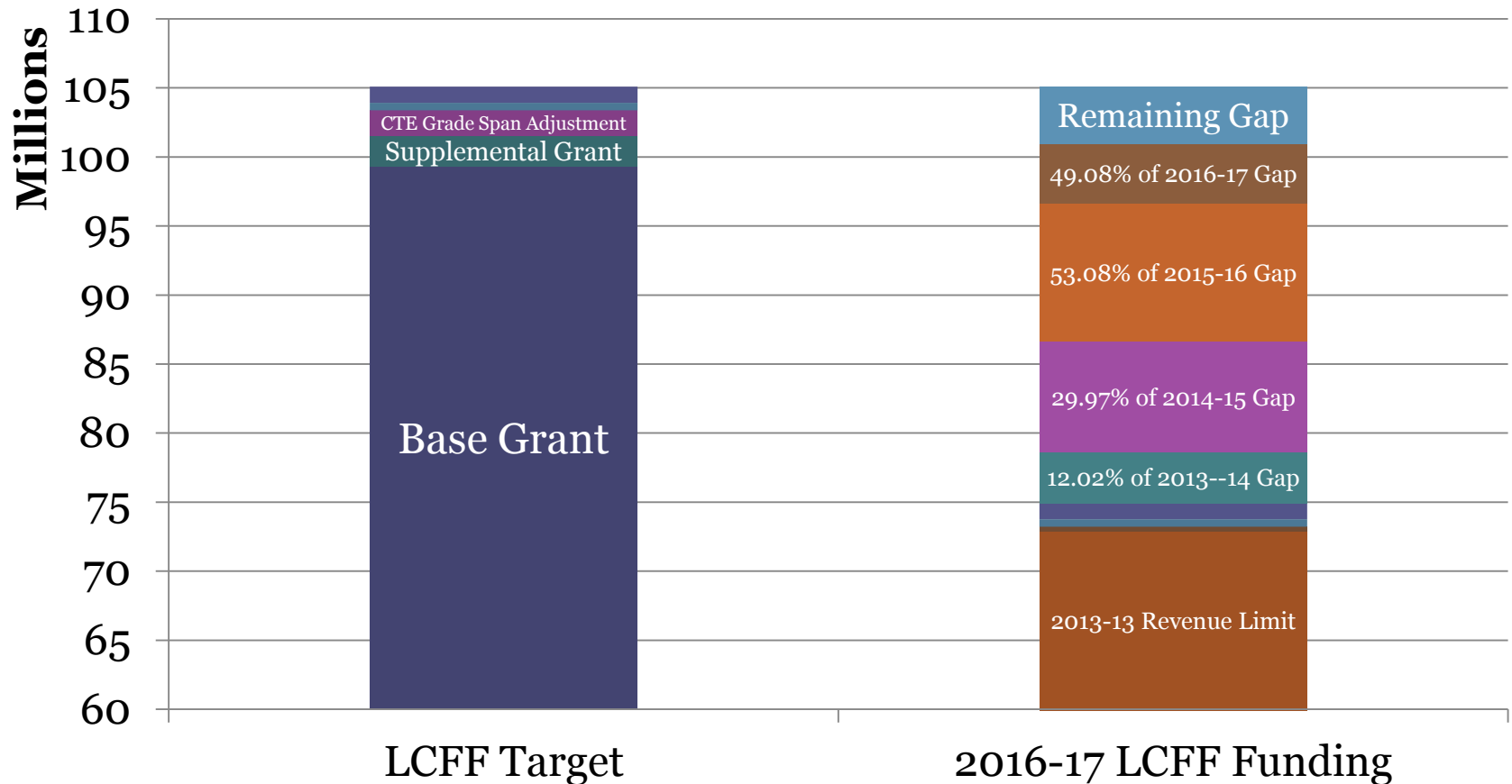
Local Control Funding Formula

- Local Control Funding Formula is driven by Average Daily Attendance (ADA) and demographics
 - Base Grant—multiplied times total ADA
 - Supplemental Grant—20% of Base Grant amount multiplied times “Unduplicated Count” of English Learners, Free & Reduced eligible, foster children
 - Concentration Grant—additional 50% of Base Grant if the unduplicated count exceeds 55%

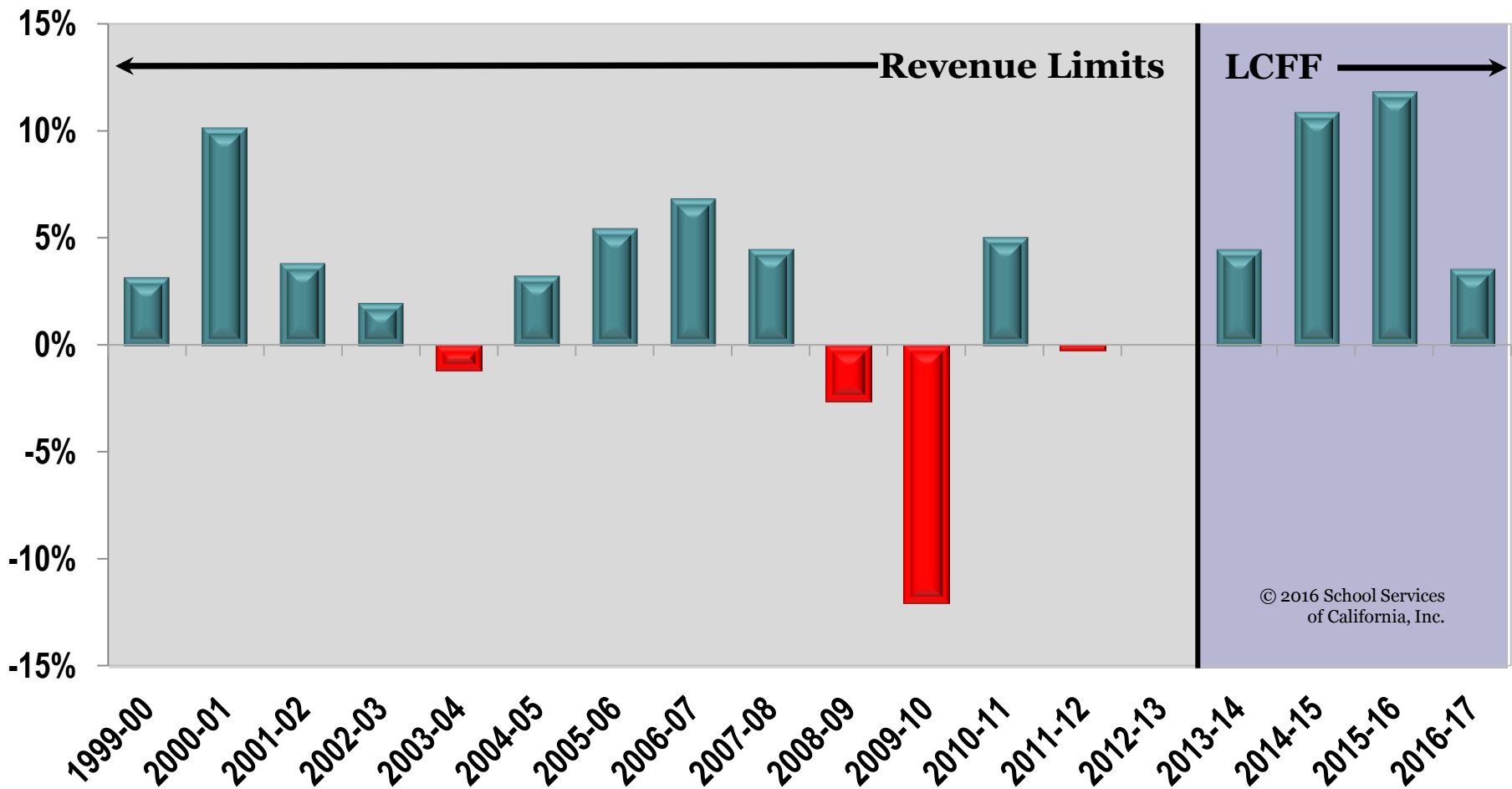
Local Control Funding Formula

- **Base Grant**
 - General purpose funding
 - Can be used for all students
- **Supplemental & Concentration Grant**
 - Targeted to improve achievement among low income and English learner populations
 - Provide additional services
 - Proportional to demographics and funding level

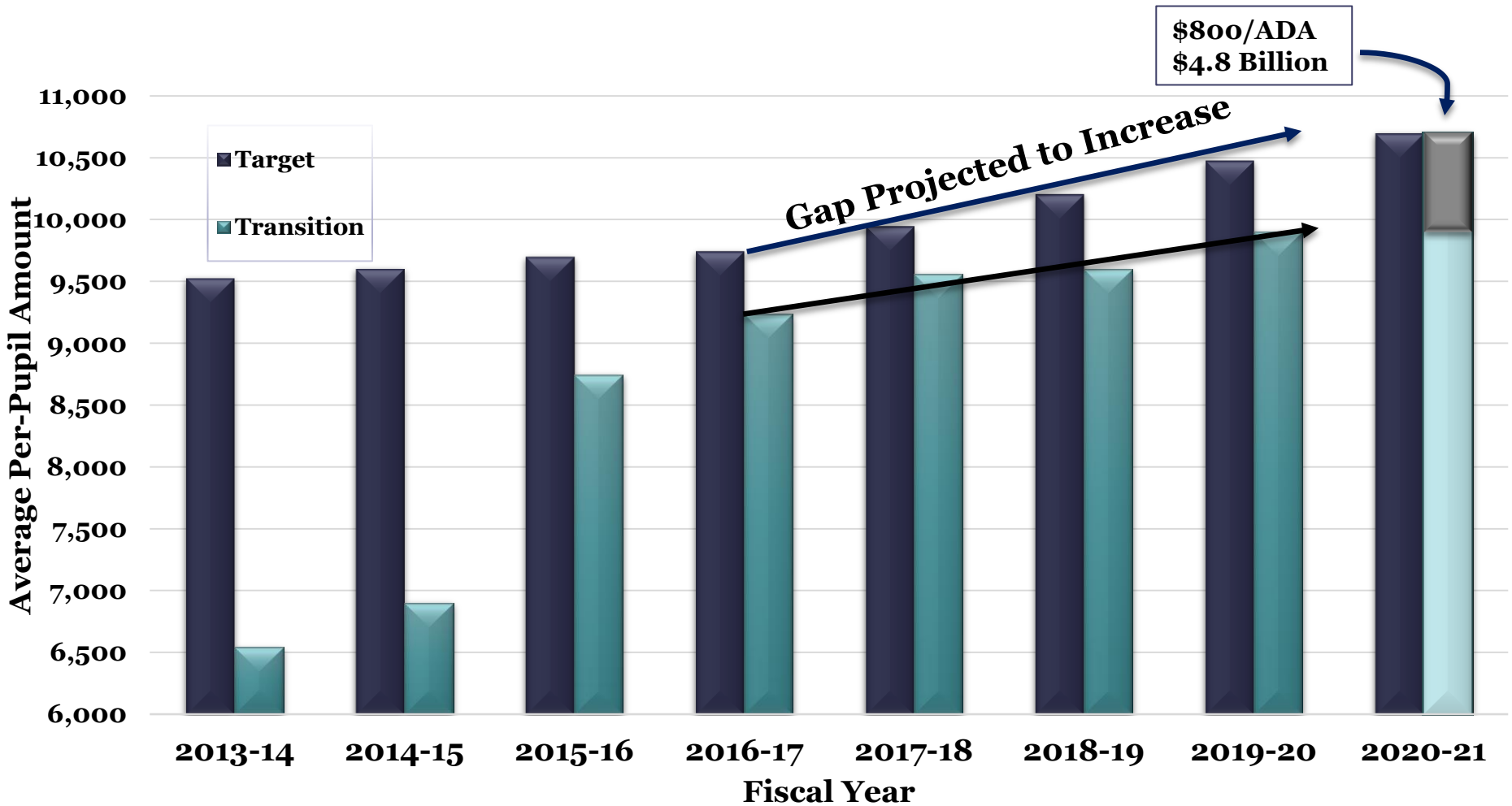
SDUHSD LCFF Target and Transition



State Per-ADA Funding



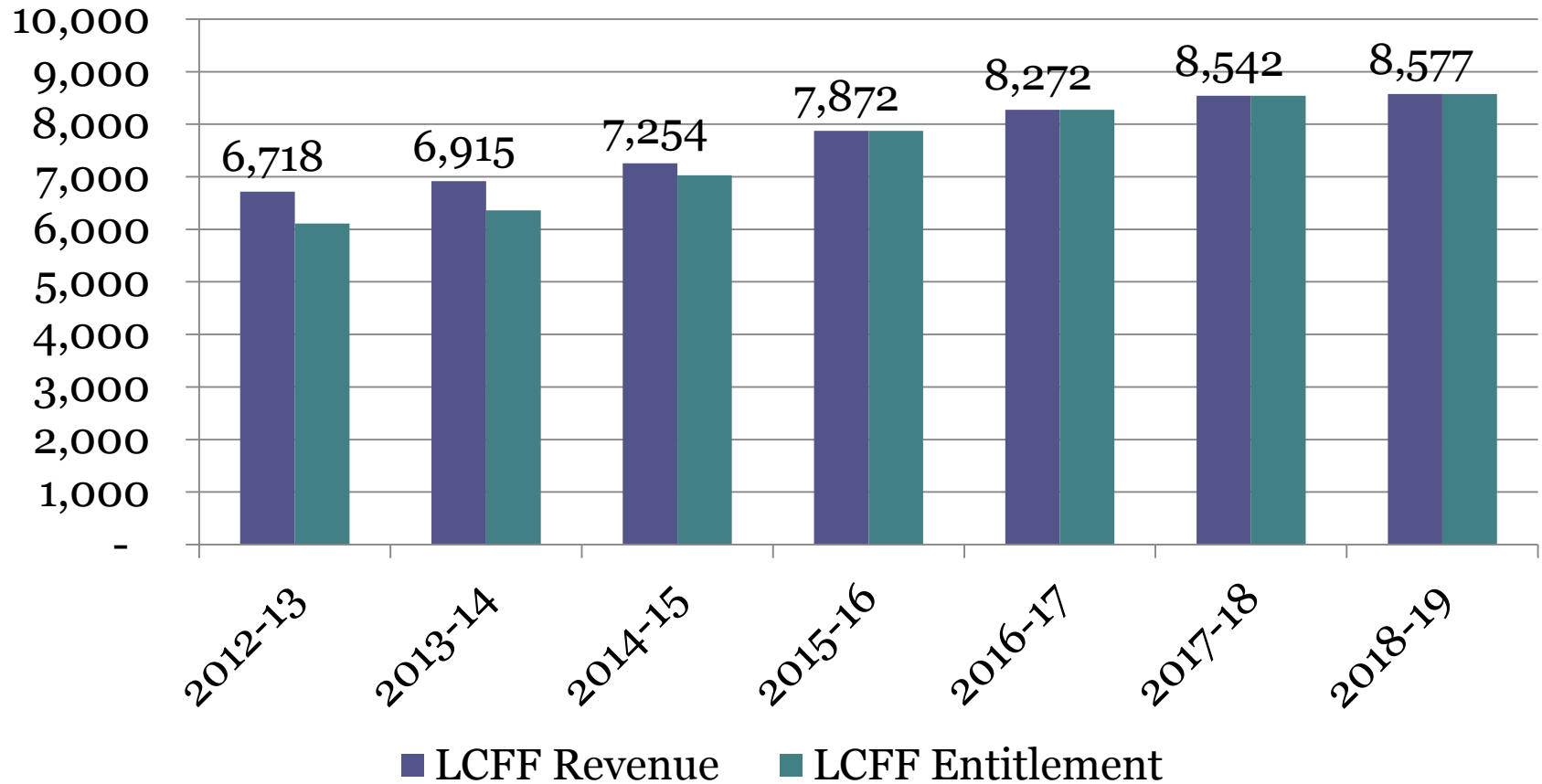
State LCFF Implementation Progress



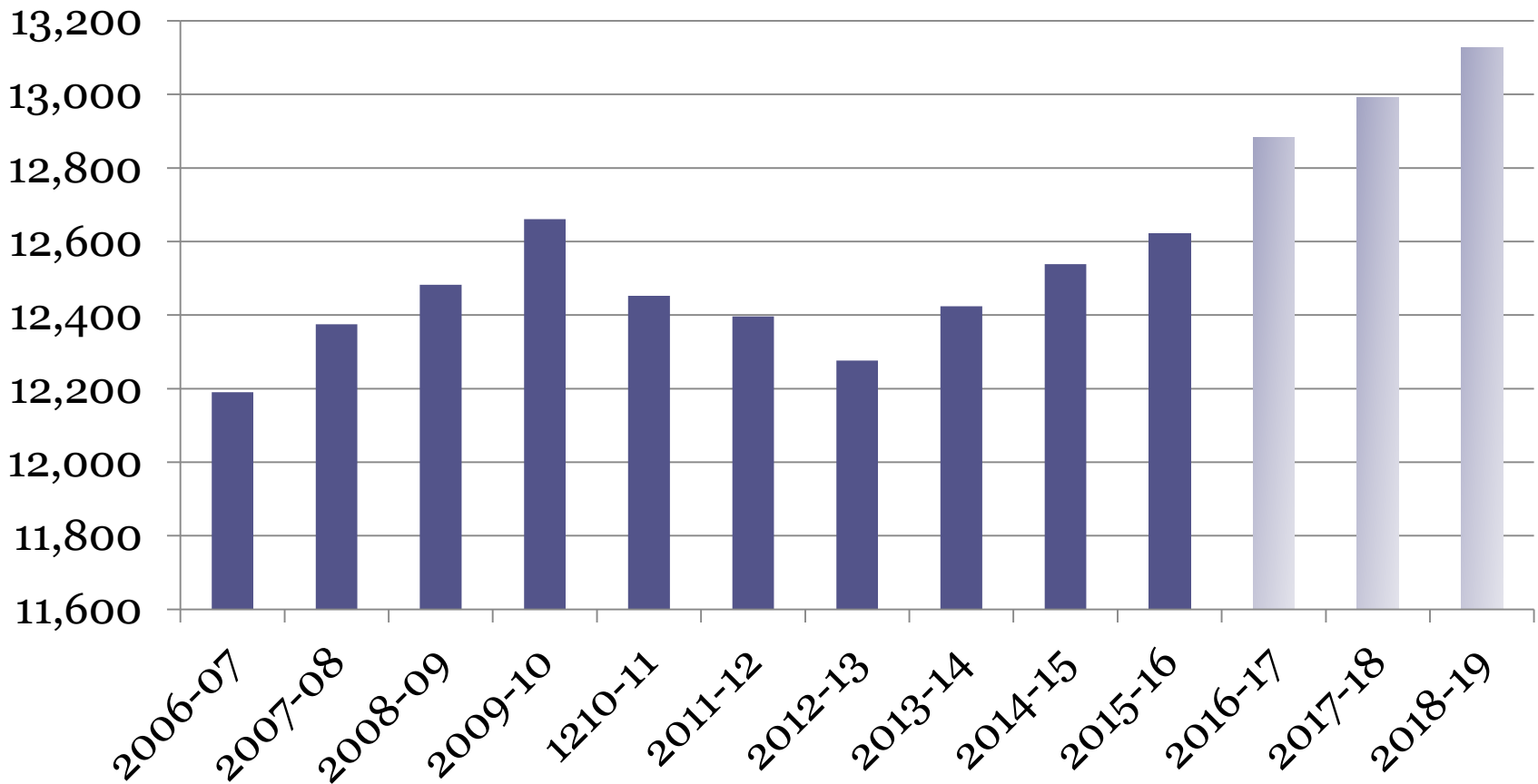
SDUHSD LCFF Outlook

	2015-16	2016-17	2017-18	2018-19	2019-20
Target less add-ons	103,981,112	106,092,715	110,073,553	114,370,643	117,687,941
Transition Funding less add-ons	94,426,603	100,943,672	105,957,276	107,600,425	111,149,021
Funding Ratio	90.81%	95.15%	96.26%	94.08%	94.44%
Phase-in Funding					
	96,151,617	102,668,686	107,682,290	109,325,439	112,874,035
Adjusted Base Grant	92,709,620	99,053,727	103,898,017	105,463,730	108,948,266
Supplemental Funding	1,716,983	1,889,946	2,059,259	2,136,695	2,200,755
Supplemental Increase	211,137	172,963	169,313	77,436	64,060
Add-ons (TIIG, Transp.)	1,725,014	1,725,014	1,725,014	1,725,014	1,725,014

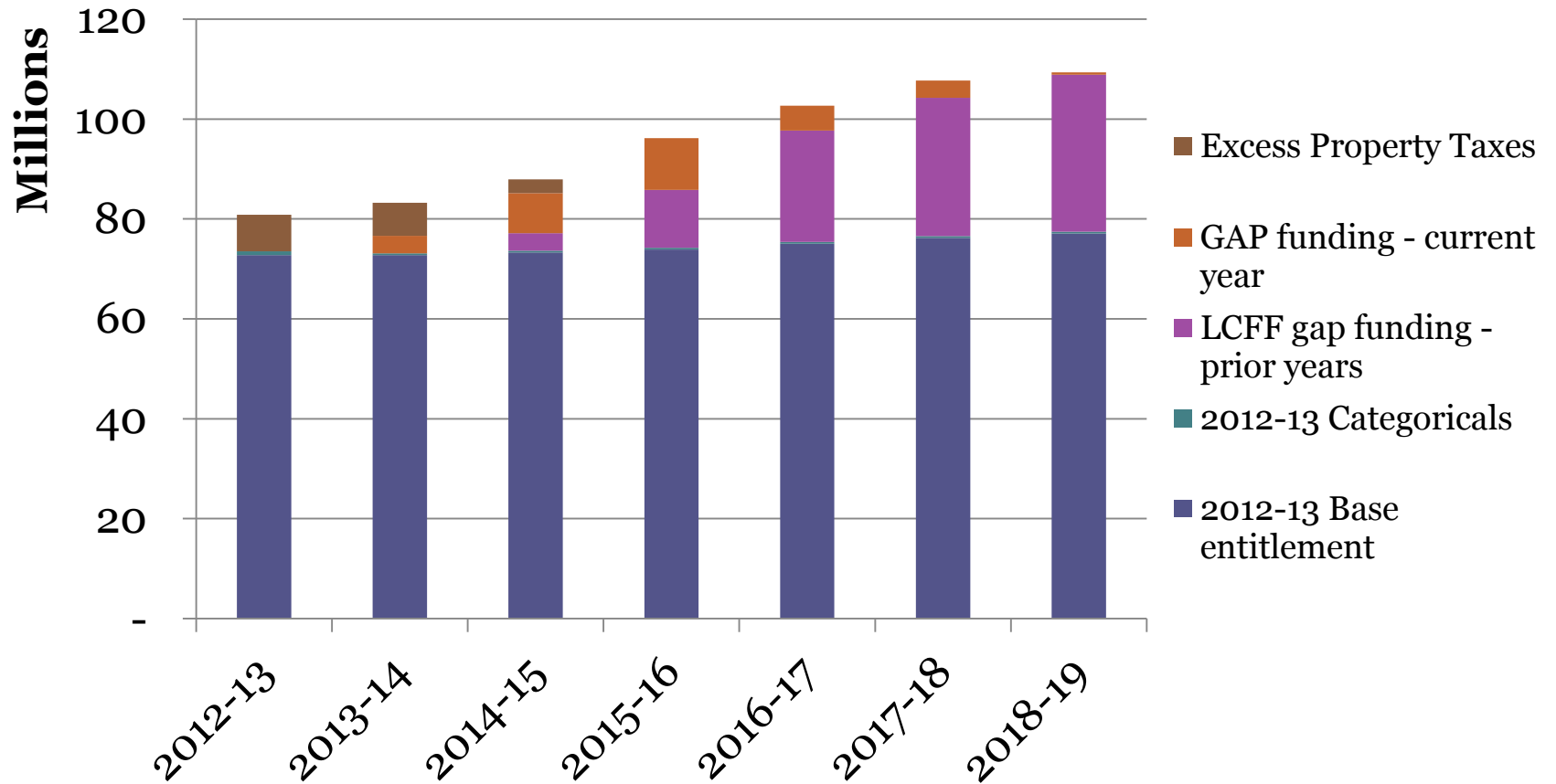
LCFF per ADA Projection



Preliminary Enrollment Projections



SDUHSD LCFF Phase-In Projection



Local Control and Accountability Plan

- LCAP is a plan, developed with community and teacher input, which outlines how the district will achieve goals tied to 8 state priorities
- District will assess its progress and results each year
- State provides the LCAP template and eventually the evaluation rubric
- It's not technically a budget document (but it is)

LCAP State Priorities

- Providing all students access to fully credentialed teachers, instructional materials that align with state standards, and safe facilities.
- Implementation of California's academic standards,
- Parent involvement and participation
- Improving student achievement and outcomes along multiple measures, including test scores, English proficiency and college and career preparedness.
- Supporting student engagement, including whether students attend school or are chronically absent.
- Highlighting school climate and connectedness through a variety of factors, such as suspension and expulsion rates
- Ensuring all students have access to classes that prepare them for college and careers
- Measuring other important student outcomes related to required areas of study, including physical education and the arts.

SDUHSD LCAP Goals

- **Goal #1:** Annual increase in student achievement for all students in English language arts and math with focus on accelerating student learning outcomes for target subgroups including English Learners, low income pupils and pupils identified as special education
- **Goal #2:** All English Learner (EL) pupils will receive instruction and curriculum that includes designated and integrated English language development across all core content areas.
- **Goal # 3:** All district graduates will be college and career ready.
- **Goal #4:** Increase the level of “school connectedness” and "sense of safety" of pupils, staff and parents.

Budget Themes for 2016-17

- **Increasing Student Achievement / College & Career Readiness**
 - Increasing counselors
 - Addressing class sizes
 - Additional bell schedule and elective options at LCC / TP
 - Professional development
 - Implementing state standards
 - Enhance tutoring and college eligibility support options
- **School Safety & Connectedness**
 - Campus supervision & security measures
- **Arts & Athletics**
 - Reducing athletic transportation costs
 - Increase district-funded coaches
 - Provide additional arts support
- **General Staffing**
 - Expand PTMS with enrollment
 - Address teacher and sub shortage
 - Plan for OPEB
- **Facilities**
 - Leverage Prop AA and Mello-Roos funding to improve campuses

Facilities Outlook

- Proposition AA
 - Next bond series & projects
- Community Facilities Districts
 - New Mello-Roos bond series & projects
 - Refinancing current bonds in 2018
- Developer Fees
 - Miscellaneous projects for 2016-17

Proposition AA Funding

- District has issued \$277 million in Prop AA funds since 2013
 - All funds currently committed for projects
- Preparing for issuance of Series C in the amount of \$62 million
 - Low interest rates persist
 - Accelerating projects protects against inflation
- Conservative assumptions
 - 25 year term
 - No capital appreciation bonds
 - Restrain assessed value growth at 4% per year
- Hold within \$25/\$100K estimated tax rate

Potential Prop AA Projects

- Completing schools
- Modernizing older schools
- Expanding capacity

Project	Amount
Canyon Crest Academy - Building B	5,767,426
Torrey Pines HS – Performing Arts Center	18,636,213
Pacific Trails MS - 2nd Classroom Building	17,162,602
Oak Crest MS - Science Classrooms, Crest Hall, Media	9,301,558
Diegueno MS - Science Classrooms, Classroom Mod.	8,913,874
Administration (through July 2019)	1,382,638
QSCB (Solar debt) and FF&E	835,688
Total	\$ 62,000,000

Community Facilities Districts Funding

- Mello-Roos bonds and state building program funded projects from 1994 – 2008
- Over \$90 million in bonds backed by CFDs
- Projects funded include:
 - La Costa Canyon HS
 - Canyon Crest Academy
 - Carmel Valley MS
 - Torrey Pines HS expansion
 - Oak Crest MS & San Dieguito HS Academy modernization

Community Facilities Districts Funding

- Mitigates impact of development on school facilities
- Developers choose to form or annex into CFDs
 - Vote of property owner(s) at time of formation/annex
 - Authorizes issuance of bonds
 - Authorizes special tax to secure bond
 - Disclosed to future buyers
- Maximum special tax term of 30 years on each parcel
 - Term begins when property is first developed for sale
 - SDUHSD special taxes are flat and do not index with inflation over the term

Community Facilities Districts Funding

- New developments since 2008 have created capacity for \$18.3 million in new bonds
- Bonds issued in 2008 can be called in 2018 if interest rates are more favorable
- Priorities
 - Supplement Prop AA
 - School Safety
 - Energy Efficiency & Sustainability
 - Shared Use

Potential CFD Bond Projects:

- Supplement Prop AA
 - CCA B Building
 - TPHS Performing Arts Center
- School Safety
 - Safe paths to school-joint project with Solana Beach
 - Traffic circulation at TPHS
 - Perimeter security
 - Diegueno MS
 - Oak Crest MS
 - Torrey Pines HS
 - La Costa Canyon HS
- Solar Projects
 - Oak Crest MS
 - Diegueno MS
 - Earl Warren MS
 - Pacific Trails (Prop AA)
- Shared Use
 - Field lighting at Canyon Crest Academy
 - Field lighting at Pacific Trails MS
 - Field renovation at Carmel Valley MS

Other Capital Projects

- Developer fees and facilities use revenue covers a variety of smaller projects throughout the year
- Routine and deferred maintenance projects are budgeted in the General Fund

Other Capital Projects for 2016-17

- **CCA**
 - Theater rigging replacement
 - Dance & weight room improvements
 - School exit gate improvements
 - Shade trees
- **CVMS**
 - Desk & chair replacement
- **Diegueno**
 - Expanded Wi-Fi
 - Science & classroom desks
 - Shade structure in quad
- **LCC**
 - Parking lot resurface
 - Tables & chairs
 - Baseball field netting
- **OCMS**
 - Computer furniture
 - Picnic tables
- **SDHSA**
 - Media center upgrades
 - Student desks
 - Picnic tables
- **Sunset**
 - Drinking water stations
 - Student desks
- **TPHS**
 - Scoreboard replacement
 - Tennis court improvements
 - Window blinds

Next Steps

- **General Fund**
 - 2015-16 Spring Revision in April
 - All increases included
 - Forecast of ending balances
 - Prepare department budgets
 - Adjust staffing according to enrollment and budget priorities in spring
 - Adjust at May Revision
 - Final proposed budget in June
- **Facilities**
 - Engage bond finance team for both Prop AA and CFD bonds
 - Facilities workshop in April
 - Consider bond sale authorization in May
 - Late spring / early summer sales